

The DANGERS of
Aberhart's Social Credit Proposals

STATEMENT BY

THE EDMONTON CHAMBER OF COMMERCE

Issued August 8th, 1935

We are a non-political organization. Like the members of the Economic Safety League of Alberta whose activities we welcome, our members are drawn from all parties. In all ordinary circumstances, therefore, we refrain from comment on general political issues. For instance, the Annual Convention of the Canadian Chamber of Commerce has just been postponed so that it shall not be held on the eve of the Dominion Election.

But we cannot remain silent when, to a distressed people, glowing promises are being made which far surpass the power of any government to fulfil. These promises are impossible of realization because they are at variance with basic facts of which we have intimate knowledge and experience.

We give Mr. Aberhart full credit for his zeal and for his exceptional organizing and speech-making abilities. We recognize, too, the position he has gained by his religious activities. But that position and those gifts merely increase his responsibility. Zeal may be and often has been misdirected. Eloquent words may sway people but cannot coerce facts. We appeal to Mr. Aberhart to consider well what we here point out to him. We assure him that it is offered with all respect and in no personally antagonistic spirit.

We both earnestly desire the same thing - the improvement of material conditions for ourselves and our fellow citizens. But conditions will not be improved but made much worse again by plunging into ways that seem new and glorious, but which lead nowhere and are full of pitfalls, being, for the most part, merely man's old errors with new names.

"Not so - shalt thou neglect the past - big with deep warning of the proper tenure whereby thou hast the earth." For all of us it must be a much humbler and more patient process. "Laboriously tracing what must be, and what may yet be better."

As we do not impugn Mr. Aberhart's motives, we have no doubt he will respect ours. If any of his followers do otherwise, fair-minded people will conclude that they cannot meet our arguments.

Even on the lowest and most selfish grounds, our welfare is bound up with that of every section of the community - of agriculture, the foundation of all else, of the workers in mine, forest and fisheries, of such industries and businesses as are proper to Alberta's situation and resources, and of all salary and wage earners who are our customers.

We venture to think that the hope of creating something out of nothing, which is the essence of the whole plan, rests on a fundamental fallacy as to the nature of banking credit. We have not met the bankers who "with a fountain pen entry in a ledger" creates credit based on nothing. In our experience he wants security on suitable assets fully pledged to the Bank and kept intact. To all intents, it is the same as if we parted with ownership of the assets to the Bank - sold them to it, in fact, with the right to buy them back by paying off the loan. These Social Credit proposals are affecting the available credit. We know of many specific cases where they have done so.

We fear Mr. Aberhart's scheme for Alberta because it threatens the ultimate mortgaging or confiscation of all private property. On page 5 of the Manual he says, "The Province of Alberta is wealthy enough to carry out this proposal" and gives the total wealth as \$2,406,000,000. But nearly one-half of this consists of the land, buildings, implements, live stock and grain, etc., of the farmers of the Province. Passing over the railways which he cannot use, if for no other reason than their being already fully mortgaged, his next largest item comprises the homes of the people not on farms, and other urban property. Then come household furnishings, clothing, etc. We don't believe that the people of this province are ready to have their private possessions treated in this way. The threat to do so is already paralyzing development and improvement.

We fear Mr. Aberhart's plan as simply a huge debt-making scheme - a further mortgaging of our future. He admits it himself on page 27 of the Manual where he says "The credit issue will be a charge against the natural resources of the province, much in the same way as the present Government Bonds are." He gives the figure of \$120,000,000 a year for adult basic dividends, to which must be added the dividends to the younger people, credit issued to producers and distributors, etc. A moment's thought will show that there is no help for him in his "flow of credit" idea. The dividends can get back to the Government for re-issue only as it collects them in taxes.

Alternatively we fear Mr. Aberhart's plan as a colossal scheme of fresh taxation. By loans or taxes, or both, he must find his more than \$120,000,000 a year - an impossible figure for this province - in either way or both combined. Mr. Aberhart says it is to "be recovered in some scientific manner without introducing a huge tax scheme." We suspect that this vague phrase, "some scientific manner" is used to conceal lack of knowl-

edge of how it may be done. And indeed it cannot be done. The only ways a state can "recover" from its people are confiscation, borrowing or taxes of one kind or another.

We fear Mr. Aberhart's plan of a crushing sales tax - his own example takes 65¢ a bushel in taxes from one bushel of wheat and its products. Such taxes on all of our business operations will drive business concerns out of Alberta to neighboring provinces where they can operate more cheaply. The products of other provinces cannot be kept out, because Alberta cannot put up customs houses on her borders and has no control over the railway freight and express services, or the Post Office delivery of mail. All he can do is attempt to tax or fine the consumer - probably one government inspector to every fifty people would be required.

We fear Mr. Aberhart's attempt to fix Just Prices on thousands and thousands of articles and services, many changing almost daily. On no single article will he have up to the minute information required by his formula of total production and total consumption. Nothing but confusion and paralysis of business can result from this attempt.

We fear his attempt to pay "dividends" out of such intangible assets as "Cultural Heritage" and undeveloped natural resources. This is only a slight variation from the "Assignats" of the French Revolution which brought ruin to France for a generation.

We fear his issue of certificates - an irredeemable paper currency tending to all the evils of excessive inflation as in Germany.

We fear his seizure of all "good money" to be replaced by these depreciating certificates. On page 21 of the Manual he says "Salaries or wages for work done will be paid as now but in credit, not money." Our working people cannot stand the reduction in real wages by having to take their pay in "bad money."

We fear his seizure of all good Dominion money received for "Exports" from the provinces. (See p. 62 of the Manual).

We fear his attempt to put Alberta on a different monetary basis to the rest of Canada and indeed to all the rest of the world, still further hampering our export and other business.

Finally, we fear the attempt to isolate Alberta for this experiment, creating frictions and difficulties with other provinces and the Dominion. All this just at a time when we need and are getting much help from the Dominion and hope to get more.

Let us point out what our apprehensions mean to various sections of our business community:

To the farmer - They mean involving all his real and personal property in the new provincial Debt, taking the real money he gets for his exports and giving him "Certificates" instead, such heavy sales taxes on all he produces as will restrict his market and reduce his income, thus crippling him in competing with the farmers of other provinces and countries.

To the coal operator - Additional taxation and interference with prices which will almost certainly lose Alberta coal all its outside markets.

To industrialists generally - Such heavy discriminatory taxation as will, we believe, close up most Alberta establishments and give their business even in Alberta, and certainly in all outside markets, to their competitors in neighboring provinces.

To all merchants, wholesale and retail, especially in the smaller places - Interference with prices and heavy taxation, having to sell for certificates and buy outside with good money, which will soon close up most houses and give their business to mail order and other concerns outside the borders of the province. (If, indeed, the people of Alberta can find any "good money" to make purchases).

To all employees - Either a drop in real wages and the standard of living through having to take their pay in depreciated certificates, or, alternatively, loss of employment as one concern after another is driven out of Alberta.

To consumers generally, higher prices for everything because of the sales taxes.

We are already suffering greatly from the confusion and lack of confidence caused by the mere making of these proposals. This is all the more deplorable because there were signs of substantial improvement. With these new fangled notions disposed of, it is our confident belief that a real revival of business will be possible - the recovery building up on itself in much the same way as, but happily in a reverse direction, to the acceleration of the depression.

We have felt it our duty, as business men having knowledge of the facts, to utter this warning at a time when fallacious arguments, even if advanced in good faith, threaten to acquire a dangerous currency. We appeal to all to take serious heed of these things and to unite to save Alberta.

By order of the Council.

THE EDMONTON CHAMBER OF COMMERCE,

John Blue,

Manager-Secretary.

To save Alberta from Social Credit vote ALL your choices for other candidates.

COMMERCIAL PRINTERS LIMITED, EDMONTON

FC
3674.2
E24
1935

FC
3674.2
E24
1935